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FISCAL IMPACT STATEMENT

LS 7483

BILL NUMBER: SB 496

NOTE PREPARED: Jan 7, 2011

BILL AMENDED:

SUBJECT: Parental Initiatives for School Reorganization.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a school corporation to sell surplus real property to another educational institution if the educational institution is the highest bidder.

The bill requires the State Board of Education to create a school performance category of *pending reorganization*. It provides that parents of a school that is in the third or subsequent year of placement in the lowest performance category may petition to reorganize the school by:

1. Closing the school and transferring the students to a higher performing school in the same school corporation;
2. Reorganizing the school as a charter school; or
3. Providing tuition payments for students who wish to transfer from the school to another school corporation or a nonpublic school.

The bill requires the governing body of the school corporation to carry out the reorganization if the parents of at least 51% of the students in the school sign the petition. It requires the Department of Education to place such a school in the *pending reorganization* performance category. The bill also provides that once a school has been reorganized, another petition for reorganization may not be submitted for at least five years after the school year in which the reorganization takes place.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The cost to the state of creating a school performance category of *pending reorganization* and placing a reorganized school in the category should be minor. The task could be done with existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on schools would depend on the actions of the students' parents and the outcome of the petitions. The three allowable actions could have different fiscal impacts on the school.

- The closing of the school and transferring students to a higher performing school in the district might require the school to transfer resources and could result in a reduction in costs if there was capacity in higher performing schools.
- The reorganization of the school as a charter school would reduce expenditures and revenue for the school corporation. It is unknown if the result would be a net reduction in costs. The school funding for the first year for a new charter school would be the same as the per student funding in the school corporation.
- The cost of providing transfer payments to another school would depend on the cost of education in the other school corporation. However, the current school formula funds the majority of the school general fund so the cost would be minor if the student is included in the ADM count of the receiving school corporation.

Background: Based on the 2010 data, there are 34 schools out of the 1,862 schools, 1.8%, that have been in the lowest performance category for three consecutive years.

The average tuition support funding for regular programs is about \$5,492 in CY 2011.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: Local schools.

Information Sources: Department of Education website, <http://www.doe.in.gov/pl221/welcome.html>, and databases.

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